



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 25, 2010

TO: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe  
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **FISCAL MONITORING OF DEPARTMENT OF MENTAL HEALTH  
SERVICE PROVIDERS FOR FISCAL YEARS 2006-07 AND 2007-08**

The County Department of Mental Health (DMH) provides mental health services through DMH-operated clinics and through contracts with other County departments and private agencies (contract service providers). The services are funded by the County General Fund and the State and federal governments. The funds must be used in accordance with County, State and federal requirements.

At DMH's request, we contracted with a Certified Public Accounting firm, Moss, Levy and Hartzheim, CPAs, (MLH), to conduct fiscal monitoring of 67 DMH-operated clinics and contract service providers for fiscal year (FY) 2006-07, and three contract service providers for FY 2007-08 for a total of 70 service providers. The monitoring was intended to ensure the service providers complied with the program requirements. MLH also reviewed the service providers' fiscal operations to ensure proper controls were in place over funds received from DMH.

**Summary of Findings**

MLH completed its monitoring reviews and issued separate reports for each of the 70 service providers. As indicated in the Attachment, MLH identified \$420,131 in questioned costs by contract service providers and \$103,616 in questioned costs by DMH-operated clinics. DMH has collected \$226,815 of the questioned costs and is in

the process of resolving the remaining \$296,932. If DMH is unable to resolve the remaining questioned costs, contract service providers will need to repay DMH. For DMH-operated clinics, DMH will absorb the questioned costs. DMH will reimburse the State for any questioned costs associated with State or federal funded programs.

MLH noted that the questioned costs were primarily attributable to the following:

- Units of service billed were not always documented in the clients' progress notes, or in the providers' daily service logs and/or timecards.
- Required progress notes, daily service logs, and/or Community Outreach Services forms were not always available for review.
- Client folders were not always available for review.

MLH also noted that Payor Financial Information forms, used to determine the clients' ability to pay, were not always available, updated timely and/or properly completed (e.g., signed by client and interviewer). These issues did not directly result in service provider questioned costs.

MLH discussed all of the reports with the service providers and DMH. DMH management is requiring the DMH-operated clinics and the contract service providers to develop and submit a corrective action plan (CAP) to address the findings and recommendations.

We recommend that DMH provide your Board with periodic updates on their collection of the questioned costs and follow-up to ensure service providers implement their CAPs.

Due to the large number of reviews, copies of the individual reports are not enclosed. Please call me if you have any questions, or your staff may contact Jim Schneiderman at (213) 253-0101 for copies of the reports.

WLW:MMO:JLS:TK

Attachment

c: William T Fujioka, Chief Executive Officer  
Marvin J. Southard, D.S.W., Director, Department of Mental Health  
Public Information Office  
Audit Committee

**Fiscal Monitoring of Mental Health Service Providers  
Fiscal Years 2006-07 and 2007-08**

Number	Service Provider	Total Questioned Costs
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**CONTRACT SERVICE PROVIDERS FY 2006-07**

1	Alcott Center for Mental Health Services	\$600
2	ASC Treatment Group dba The Anne Sippi Clinic	\$7,787
3	Asian American Drug Abuse Program, Inc.	\$490
4	Aurora Charter Oak, LLC	\$0
5	Barbour and Floyd Medical Associates	\$15,428
6	California Hispanic Commission, Inc.	\$3,481
7	College Hospital - Cerritos	\$0
8	David & Margaret Home, Inc.	\$1,577
9	Department of Health Services Harbor-UCLA Medical Center	\$1,134
10	Department of Health Services Olive View-UCLA Medical Center	\$63,286
11	Didi Hirsch Psychiatric Service	\$3,195
12	Drew Child Development Corporation	\$4,091
13	Dubnoff Center for Child Development and Educational Therapy	\$4,607
14	D'Veal Corporation dba D'Veal Family and Youth Services	\$10,261
15	El Centro De Amistad, Inc.	\$12,545
16	El Centro Del Pueblo, Inc.	\$144
17	Emotional Health Association dba SHARE! The Self-Help and Recovery Exchange	\$17,846
18	ENKI Health and Research Systems, Inc.	\$906
19	Exodus Recovery, Inc.	\$1,482
20	Health Research Association	\$384
21	Health View, Inc. dba Harbor View House	\$14,711
22	Helpline Youth Counseling, Inc.	\$348
23	Heritage Clinic and the Community Assistance Program for Seniors	\$8,366
24	Homes for Life Foundation	\$13,479
25	Koreatown Youth and Community Center, Inc.	\$2,297
26	Mental Health America of Los Angeles	\$3,513
27	One In Long Beach, Inc.	\$7,034
28	Penny Lane Centers	\$0
29	South Central Health & Rehabilitation Program (S.C.H.A.R.P.)	\$55,589
30	St. Francis Medical Center	\$658
31	Step Up On Second Street, Inc.	\$4,147
32	Tessie Cleveland Community Services Corporation	\$22,538
33	The Institute for the Redesign of Learning dba Almansor Center	\$91,381
34	The Los Angeles Gay and Lesbian Community Services Center dba L.A. Gay and Lesbian Center	\$6,841
35	The Regents of the University of California, Los Angeles (UCLA Ties for Adoption Program)	\$361
36	Travelers Aid Society of Los Angeles California	\$1,950
37	Trinity Youth Services	\$1,514
38	United American Indian Involvement, Inc.	\$4,021
39	Verdugo Mental Health Center	\$2,363
40	Watts Labor Community Action Committee (WLCAC)	\$4,636
41	Westside Center for Independent Living, Inc.	\$58

**CONTRACT SERVICE PROVIDERS FY 2007-08**

42	Child and Family Guidance Center	\$0
43	Pacific Clinics	\$22,228
44	WISE & Healthy Aging	\$2,854
<b>Total Questioned Costs for Contract Service Providers</b>		<b>\$420,131</b>

**Fiscal Monitoring of Mental Health Service Providers  
Fiscal Years 2006-07 and 2007-08**

Number	Service Provider	Total Questioned Costs
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**DMH-OPERATED FY 2006-07**

45	Access Center - Outpatient	\$531
46	American Indian Counseling Center	\$655
47	Augustus F. Hawkins Mental Health Center	\$2,727
48	Children's Countywide Case Management Programs	\$1,666
49	Coastal Asian Pacific Islander Family Mental Health Center	\$562
50	Compton Family Mental Health Center	\$7,355
51	Department of Mental Health at Harbor-UCLA Medical Center	\$1,127
52	Downtown Mental Health Center	\$9,290
53	Emergency Outreach Bureau Crisis and Homeless - Antelope - Outpatient	\$402
54	Emergency Outreach Bureau Crisis and Homeless - Augustus F. Hawkins - Outpatient	\$4,186
55	Emergency Outreach Bureau Crisis and Homeless - Downtown - Outpatient	\$9,718
56	Emergency Outreach Bureau Crisis and Homeless - Edelman - Outpatient	\$6,065
57	Emergency Outreach Bureau Crisis and Homeless - Rio Hondo - Outpatient	\$2,082
58	Emergency Outreach Bureau Crisis and Homeless - San Fernando - Outpatient	\$12,823
59	Long Beach Asian Pacific Islander Family Mental Health Center	\$4,517
60	Long Beach Mental Health Center	\$3,410
61	Long Beach Mental Evaluation Team - Outpatient	\$2,086
62	Mental Health Court Program	\$8,363
63	Metro Continuing Care Unit	\$2,356
64	Rio Hondo Community Mental Health Center	\$720
65	Roybal Family Mental Health Center	\$3,089
66	Roybal Mental Health Center/School Based Program	\$3,283
67	San Fernando Mental Health Center	\$498
68	Santa Clarita Valley Mental Health Center	\$1,680
69	Sector II AB3632 Program	\$5,733
70	West Valley Mental Health Center	\$8,692
<b>Total Questioned Costs for DMH-Operated Clinics</b>		<b>\$103,616</b>

<b>Total Questioned Costs for All Service Providers</b>	<b>\$523,747</b>
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